



# Department of Justice

FOR IMMEDIATE RELEASE  
TUESDAY, AUGUST 8, 2006  
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## **JUSTICE DEPARTMENT WILL NOT OPPOSE PROPOSAL TO FORM TEXTILE RENTAL AND LAUNDRY SERVICES JOINT VENTURE**

WASHINGTON — The Department of Justice today announced it will not oppose a proposal which would allow 10 textile maintenance companies to bid jointly to provide textile rental and laundry services to national healthcare outpatient centers. Based on representations made in the proposal by Linen Systems for Healthcare LLC, the Department concluded that the proposed joint venture is not likely to produce anticompetitive effects and could create a new competitor for national accounts.

Linen Systems for Healthcare requested a business review letter expressing the Department's enforcement intentions regarding the formation of the joint venture, which will operate under the name MEDtegrity. The proposed members seek to compete better for national account business from various types of healthcare outpatient centers. The proposal states that the growing number of national accounts seeking a single-source supplier of textile and rental services has left the 10 local suppliers at a competitive disadvantage against larger, multi-plant companies.

According to the request, the 10 member companies are not currently competitors because of significant distances between their plants. Price discussions among members will be limited to those necessary to prepare a joint bid, and additional limitations will be put in place to prevent the exchange of competitively sensitive information that does not relate to the joint venture. Member companies will remain free to bid for national business outside the joint venture and will continue to act independently of each other in seeking business within their own localities.

The Department's position was stated in a business review letter from Thomas O. Barnett, Assistant Attorney General for the Antitrust Division, to counsel for Linen Systems for Healthcare.

"The proposed joint venture creates a new competitor for national healthcare outpatient center accounts without threatening to restrict output or harm competition among MEDtegrity members," Barnett said in the letter.

Under the Department's business review procedure, an organization may submit a

proposed action to the Antitrust Division and receive a statement as to whether the Division would challenge the action under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Antitrust Documents Group of the Antitrust Division, Suite 215, Liberty Place, 325 7th Street, N.W., Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review will be added to the file, unless a basis for their exclusion for reasons of confidentiality has been established pursuant to Paragraph 10(c) of the Business Review Procedure, 28 C.F.R. § 50.6.

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06-512